

REMARKS

Reconsideration of this application is requested.

The Examiner has objected to the drawings under 37 CFR §1.83(a) for not showing every feature of the invention specified in the claims. Applicant has added a new Fig. 10 to show every feature specified in the claims. Applicant has also added material to the specification to describe Fig. 10.

The Examiner has objected to the abstract, because of the use of redundant language in line 11. Applicant has amended the abstract to overcome the Examiner's objection.

The Examiner has objected to page 1, line 11 of the disclosure. Page 1, line 11 of the disclosure has been amended to overcome the Examiner's objection.

Claims 1-10 have been rejected by the Examiner under 35 USC §112 as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicant regards as the invention. Claims 7 and 8 have been canceled. Claims 1-6 and 9-10 have been amended to overcome any indefiniteness that may have existed.

Claims 1-10 have been rejected by the Examiner under 35 USC §102(e) as being clearly anticipated by Walker, et al. (U.S. Patent No. 6,064,987).

Walker discloses the following in lines 11-41 of column 3:

"In accordance with the present invention, a central controller receives from a POS terminal a purchase price and a financial account identifier. The financial account identifier specifies a financial account, such as a credit card account. The central controller, in turn, generates one or more installment plan identifiers indicating installment plans for payment of the purchase price. The installment plan identifiers are based on the purchase price and/or the financial account identifier. For example, certain accounts or certain high purchase prices may merit preferred installment plans. The installment plan identifiers are transmitted to the POS terminal.

A purchaser at the POS terminal selects whether he would like to pay for his purchase in installments and, if so, using which

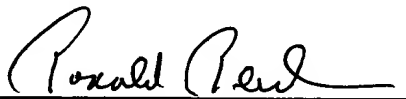
installment plan. The POS terminal generates a selection signal indicative of whether to accept any of the installment plans. In other words, the selection signal indicates a selected one of the installment plans (if the purchaser desires to pay in installments) or that no installment plan was selected. The POS terminal then transmits the selection signal to the central controller.

The central controller receives the selection signal. If the selection signal indicates acceptance of any installment plan, use of the accepted installment plan for the financial account is authorized. Thereafter, bills are generated which reflect installment charges to be paid. Thus, the purchaser may afford more purchases than otherwise possible, and may utilize such installment payments for purchases bought at many sellers."

14 In essence, Walker is disclosing a method for allowing purchasers to select an
16 installment plan for the purchasing of goods so that the purchasers may spread out their
payments over time. Walker does not disclose or anticipate the invention claimed by
applicant in claim 1, as amended and those claims dependent thereon. Applicant
claims a method of managing and assessing a set of risks relative to a financial product.
Walker is not concerned with the assessing of risks for a financial product, and Walker
does not disclose or anticipate applying a fraudi to each assessment step wherein the
fraudi is selected from a list of fraudi and wherein each of said fraudi on the list is
representative of a defined area of risk.

In view of the above, claims 1-6 and 9-10 are patentable. If the Examiner has any questions, will he please call the undersigned at the telephone number noted below.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ronald Reichman", is written over a horizontal line.

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Version with Markings to Show Changes Made

IN THE SPECIFICATION:

Page 1, Title:

**A METHOD AND SYSTEM OF UPGRADING THIRD PARTY FUNCTIONALITY IN AN
ELECTRONIC FRAUD MANAGEMENT SYSTEM**

Page 1, first paragraph:

Reference is made to Application Serial Number 09/475,948
(~~Attorney Docket No. E-830~~), entitled A METHOD AND SYSTEM FOR ELECTRONIC
FRAUD/RISK MANAGEMENT, assigned to the assignee of this application and filed on
even date herewith.

Page 2, line 2:

Fraud is inherent in how credit cards are issued and handled. There is, for
example, ~~ne~~a significant threat to the issuer of a card from someone finding a lost credit
card and using it to purchase gas in an automated gas station; and, telephone and mail
orders may be made by criminals illegally possessing credit account information. In the
same category, a fraudulent merchant may be operating fraudulently by selling
merchandise on unequal consideration. On a larger scale, however, fraud rings are
particularly active and include many players in their networks that defraud issuers of
billions of dollars. Rogue employees and questionable merchants account for a
significant part of skimming activity, which involves the illegal acquisition of account
information in order to produce counterfeit cards or make fraudulent transactions. The
sophistication of skimming is quite advanced in that criminals may wait up to eighteen to

twenty (18-20) months after skimming a card before they use it. This category of fraud which originates at the point of sale is expected to be a twenty-five billion dollar (\$25,000,000,000) problem in 1999.

Page 4, first paragraph, line 5:

According to the invention, the object is achieved and the disadvantages of the prior art are overcome by a method ~~and system~~ for managing and assessing a set of risks relative to a financial product, wherein said method is accessed through a data processing system. The data processing system comprises a series of nodes operatively connected with each other. The method begins by performing an application processing procedure, comprising a check of the creditworthiness of one or more selected customers; and issuing a financial product to the selected customer if that customer is determined to be creditworthy; and, declining the application if the customer is determined to be not creditworthy.

Page 6, add:

FIG. 9 is a block diagram of the application screen that allows a system user to determine fraud loss ratios as a means for benchmarking risk management effectiveness; and

FIG. 10 is a flow chart describing the method utilized to perform this invention.

Page 28, before last paragraph, insert:

FIG. 10 is a flow chart describing the method utilized to perform this invention.
After the program starts, the program goes to block 900. In block 900, the program performs an application procedure, comprising a check of the creditworthiness of one or

more selected customers; and issuing a financial product to said customer if said customer is determined to be creditworthy, thus resulting in an accepted customer, and declining said application if said customer is determined to be not creditworthy. Then the program goes to block 901 to assess a credit authorization request from a merchant or a system user, where said request is initiated by a user of said financial product. Now the program goes to block 902 to select a fraudi from a list comprising one or more fraudi and wherein said each one of said fraudi is representative of a defined area of risk. Then the program goes to block 903 to apply the selected fraudi to each one of said assessment steps. Then the program goes to block 904 to utilize a predictive modeling routine to perform said assessment. Now the program goes to block 905 to accept or decline said credit authorization request as based upon an outcome of said assessment. Then the program goes to block 906 to download said assessment result to said data processing system for transfer to a database accessible by one or more remote nodes of said system.

IN THE CLAIMS:

Please cancel claims 7 and 8 in their entirety.

1. A method of managing and assessing a set of risks relative to a financial product, said method being accessed through a data processing system, wherein said data processing system comprises a series of nodes operatively connected with each other, said method comprising the steps of:
 - (a) performing an application processing procedure on a customer, comprising a check of the creditworthiness of one or more selected customers; and issuing a financial product to one or more of said customers if said selected customer is determined to be creditworthy, thus resulting in an accepted

customer, and declining said application if said customer is determined to be not creditworthy;

(b) assessing a credit authorization request from a ~~merchant or a system~~ user, wherein said request is initiated by a use of said financial product;

(c) utilizing a predictive modeling routine to perform said assessment;

(d) accepting or declining said credit authorization request as based upon an outcome of said assessment; ~~and~~

(e) downloading ~~said an~~ assessment result to said data processing system for transfer to a database accessible by one or more remote nodes of said system; and

(f) applying a fraudi to each assessment and wherein said fraudi is selected from a list of fraudi and wherein each of said fraudi on the list is representative of a defined area of risk.

4. The method of claim 1, wherein said accepted customer is an individual and wherein ~~said an~~ account is representative of ~~said a~~ business affiliation and said set of risks is a function of ~~said an~~ individual's profile.

5. The method of claim 1, wherein said accepted customer is an individual and wherein ~~said an~~ account is representative of ~~said a~~ business affiliation and said set of risks is a function of ~~said a~~ business' profile.

6. The method of claim 1, wherein said accepted customer is an individual, and wherein ~~said an~~ account is representative of ~~said an~~ individual's and ~~said a~~ business' affiliation, and said set of risks is a function of ~~said an~~ individual's profile and ~~said a~~ business' profile.

~~7. The method of claim 1, wherein said fraudi is applied to each one of said assessment steps.~~

8. ~~The method of claim 1, wherein said fraudi is selected from a list comprising one or more fraudi and wherein said each one of said fraudi is representative of a defined area of risk.~~
9. The method of claim 1, wherein a set of data relative to said credit authorization request is retained in a memory of said data processing system and utilized to determine the effectiveness of saidan assessment methodology.
10. The method of claim 1, wherein saida filtering step comprises a credit score filter for eliminating a portion of saida population that does not pass through said filter.

IN THE ABSTRACT:

A METHOD AND SYSTEM OF UPGRADING THIRD PARTY FUNCTIONALITY IN AN ELECTRONIC FRAUD MANAGEMENT SYSTEM

Abstract of the Disclosure

~~The invention is a~~ A method and system for managing and assessing a set of risks relative to a financial product, wherein said method is accessed through a data processing system. The data processing system comprises a series of nodes operatively connected with each other. The method begins by performing an application processing procedure, comprising a check of the creditworthiness of one or more selected customers; and issuing a financial product to the selected customer if that customer is determined to be creditworthy; and, declining the application if the customer is determined to be not creditworthy. After the card has been issued to a customer, the use of the card is assessed whenever the card is presented for payment of goods or services or to obtain a cash advance. The assessment is made as the result of a credit authorization request from a merchant or a system user and utilizes a predictive modeling routine to perform the assessment. The credit authorization is accepted or rejected as based upon an outcome of the assessment. The assessment

results are then downloaded to the data processing system for transfer to a database accessible by one or more remote nodes of the system. Any of the transactions, assessments, or determinative calculations can be retained as a means of continually refreshing the pool of data available for credit determinations.